

Message Text

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PAGE 01 BUENOS 07770 252147Z

60

ACTION EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 USIE-00 NSCE-00 SSO-00

INRE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 PRS-01

SP-02 OMB-01 OIC-02 /092 W
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O P 252100Z NOV 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 3591

INFO USMISSION GENEVA PRIORITY

LIMITED OFFICIAL USE BUENOS AIRES 7770

PASS TREASURY, COMMERCE

E.O. 11652: N/A

TAGS: GATT, ETRD, AR

SUBJECT: ARGENTINA AND BALANCE OF PAYMENTS PROCEDURES

REF: (A) GENEVA 8759 AND PREVIOUS; (B) BUENOS AIRES 7730

SUMMARY: EMBASSY APPRECIATES AND SHARES WASHINGTON CONCERN REGARDING GOA TRADE AND BALANCE OF PAYMENTS MEASURES. NEVERTHELESS, WE BELIEVE IT WOULD BE INADVISABLE TO PRESS FOR FULL BOP. GIVEN ARGENTINE SENSITIVITIES, THERE IS HIGH RISK OF INTENSE BILATERAL CONFRONTATION OVER ISSUE WHICH COULD HURT OTHER U.S. INTERESTS IN ARGENTINA. IN PARTICULAR, WE FEAR GOA MAY BE LESS INCLINED TO MOVE AHEAD TOWARD RESOLUTION OUTSTANDING INVESTMENT PROBLEMS IF WE CONTINUE PRESS FOR FULL BOP. WE DOUBT FULL BOP, WHETHER NOW OR IN SPRING, WOULD PRODUCE MEANINGFUL RESULTS ANYWAY, CONSIDERING DOMESTIC ECONOMIC AND POLITICAL CONFUSION. END SUMMARY

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1. AS NOTED REFTTEL, AND BASED OUR CONVERSATION HERE, GOA

EXTREMELY SENSITIVE ON THIS SUBJECT. AT LUNCH RECENTLY, JUAN CARLOS SANCHEZ ARNAU, CHIEF INTERNATIONAL ORGANIZATIONS OFFICE, MINISTRY FOREIGN AFFAIRS, EXPRESSED GOA CONCERN IN STRONGEST TERMS. HE EMPHASIZED GOA NOT WILLING TO SIT IN "ELECTRIC CHAIR" WHEN TRADE POLICIES OF OTHER COUNTRIES LARGELY RESPONSIBLE FOR CURRENT GOA PROBLEMS. HE URGED US TO SHIFT ITS POSITION IN FAVOR OF MINI BOP, AND EXPRESSED HOPE THAT ISSUE COULD BE RESOLVED ON FRIENDLY BASIS.

2. BELIEVE STRONGLY NEGATIVE GOA POSTURE RESULT OF SEVERAL FACTORS INCLUDING FOLLOWING: 1) TRADITIONAL ARGENTINE ECONOMIC NATIONALISM AND BELIEF FULL BOP INCONSISTENT WITH ECONOMIC SOVEREIGNTY AND INDEPENDENCE, 2) GOA'S SHAKY DOMESTIC POLITICAL BASE, 3) STRONG GOA DISTASTE AT BEING SINGLED OUT AMONG LDCS FOR FULL BOP AND 4) BELIEF THAT FULL BOP WOULD NEGATIVELY AFFECT IMPORTANT FINANCIAL AND TRADE MISSIONS TO EUROPE WHICH SCHEDULED OVER NEXT SEVERAL MONTHS (REF B). LATTER MAY WELL BE KEY FACTOR IN GOA VIEW.

3. GIVEN THIS ATMOSPHERE, BELIEVE USG PRESSURE FOR FULL BOP WOULD INVOLVE HIGH RISK OF MAJOR BILATERAL CONFRONTATION. GOA DISILLUSIONMENT LIKELY TO BE PARTICULARLY KEEN SINCE THUS FAR US HAS PLAYED SUPPORTIVE ROLE IN ARGENTINA'S EXTERNAL FINANCIAL CRISIS. IN PARTICULAR, WE FEAR GOA MAY BE LESS INCLINED TO MOVE AHEAD TOWARD RESOLUTION OF OUTSTANDING INVESTMENT PROBLEMS IF US PRESSES ARGENTINA IN GATT.

4. AS PRACTICAL MATTER, WE DOUBT WHETHER FULL BOP, WHETHER HELD NOW OR IN SPRING, WOULD PRODUCE POSITIVE RESULTS ANYWAY, GOA CURRENTLY HAS LITTLE FLEXIBILITY TO INTRODUCE POLICY REFORM IN VIEW ACUTE FOREIGN EXCHANGE SHORTAGE AND CONTINUED CONFUSED POLITICAL PICTURE. UNFORTUNATELY, RAPID IMPROVEMENT IN DOMESTIC ECONOMIC AND POLITICAL PICTURE NOT ANTICIPATED.

5. FOR REASONS OUTLINED ABOVE, EMBASSY URGES WASHINGTON NOT TO CALL FOR FULL BOP. WOULD APPRECIATE EARLY RESPONSE LIMITED OFFICIAL USE

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AS ISSUE IS PRESSING ONE HERE.
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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Draft Date: 25 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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From: BUENOS AIRES
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Margaret P. Grafeld
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06 JUL 2006

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